

Annual Report

SOURIS
VALLEY
OIL
CO. LTD.

(NO PERSONAL LIABILITY)

FOR THE YEAR ENDED APRIL 30TH

1958

SOURIS VALLEY OIL CO. LTD.

(NO PERSONAL LIABILITY)

Head Office

620 King Edward St.
Winnipeg 12, Manitoba

Capitalization

Authorized: 5,000,000 Shares of No Par Value
Issued and Fully Paid: 4,037,938 Shares of No Par Value.
Shares of the Company are listed on the
Winnipeg, Toronto and Canadian Stock Exchanges.

Directors

H. G. BAGNALL.....	Calgary	R. W. KELLY.....	Winnipeg
H. L. CARNAHAN.....	Slidell La.	W. M. LUTHY.....	Calgary
D. D. EWART.....	Montreal	H. S. SCARTH, Q.C.....	Winnipeg
E. G. SMITH.....	Montreal		

Officers


H. G. BAGNALL.....	President
R. W. KELLY.....	Vice-President
H. S. SCARTH, Q.C.....	Secretary-Treasurer
V. H. ALLEN.....	General Manager

Registrar and Transfer Agent

MONTREAL TRUST COMPANY — Winnipeg, Toronto, Montreal and Calgary

Auditors

RIDDELL, STEAD, GRAHAM & HUTCHISON
Chartered Accountants
Winnipeg



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Directors' Report

To the Shareholders of Souris Valley Oil Co. Ltd.

(No Personal Liability)

Your Directors present herewith the audited accounts of the Company for the year ended April 30, 1958, together with a report on the Company's operations.

The profit for the year, after provision for depreciation of \$27,911.51 but before exploratory expenses, amounts to \$25,171.07. Exploratory expenses (including \$257,877.73 for costs of expired leases) totalled \$314,262.27. Net loss after exploratory expenses was \$289,091.20.

Two wells were drilled on a 480 acre farm-out in the Daly Field of Manitoba. One of the wells was successful and is now producing its allowable. Arrangements are now being made to drill a follow-up well. Well spacing is on a 40 acre basis in this area and Souris' interest is 100 per cent subject to a small override.

One well in the Lightning Creek Area of Saskatchewan, in which the Company held a 25% interest, has been abandoned and two of the Company's wholly owned wells on the Goulter lease have been suspended.

In the Leduc Field of Alberta, Souris along with the operators, sold its 15% interest in three marginal wells which had become uneconomical.

A large portion of the Company's leases in Southwestern Manitoba were due to expire in 1957, 1958 and 1959. As reported last year, the Company was successful in making deals with other companies whereby new ten year leases were obtained on the greater portion of this acreage at negligible cost to Souris. Interests varying from 25% to 100% have been retained by

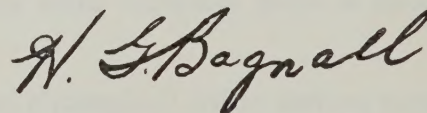
the Company with the majority of the acreage held on a 50% basis. Some of the old leases however, had previously been top-leased by other companies and could not be renewed. These leases are shown in the accompanying statement as "expired leases" in the amount of \$257,877.73.

Of the three prairie provinces, Manitoba is the only one not yet self-sufficient in oil. This, together with its proximity to Eastern Canada markets, places its oil wells in an enviable position, production-wise, with those in Alberta and Saskatchewan. Wells in the province are shallow in depth, drilling costs are low and the oil is of a light gravity type. Investment is generally returned rapidly from successful wells and a substantial profit remains for the operator. We are attempting to secure farm-outs for the development of proven or semi-proven lands in Manitoba similar to our current Daly venture.

Mr. R. W. Kelly resigned as Managing Director of the Company on July 1, to accept a position with another oil company but will continue as a Director of Souris. The Directors extend their appreciation for his loyal and competent efforts on behalf of the Company and wish him every success in his new endeavors.

Mr. V. H. Allen, who has been with the Company for over five years, has been appointed General Manager.

Respectfully submitted on behalf of the Board,

A handwritten signature in cursive script, reading "W. L. Bagnall". The signature is written in dark ink and is positioned above the printed name "President".

President

Winnipeg 12, Manitoba,
August 29th, 1958.

Properties and Development

	Gross Acres	Company Interest	Net Acres	No. of Producing Wells
ALBERTA:				
Rochester	6,080	12½%	760	1 (Capped gas well)
SASKATCHEWAN:				
South Central	23,730	100%	23,730	
South East	4,320	8 1/3 - 12½%	460	
Lightning Creek	1,600	12½ - 25%	220	2
MANITOBA:				
Daly	1,120	66 2/3 - 100%	1,013	12
North Virden	480	33 1/3%	160	3
Virden	1,920	33 1/3 - 100%	1,066	
Scarth	640	20 - 40%	192	
Elgin	6,140	100%	6,140	
South West	47,859	25 - 100%	27,613	
	<hr/> 93,889		<hr/> 61,354	

Royalties

Elgin	10,400	2½ - 5%	
Virden	260	5 - 12½%	5
South West	1,460	5%	
	<hr/> 12,120		<hr/> Total No. of Wells 23

Balance Sheet

SOURIS VALLEY

(NO PERSONAL)

as at 30th

Assets

Current Assets:

Cash on hand and in bank	\$ 23,538.74
Accounts receivable	40,375.05
Investments, at cost:	
Hydro-Electric Power Commission of Ontario Bonds, \$10,000.00 4¼% due 15th July 1969 (Approximate market value at 30th April 1958, \$9,950.00).....	10,000.00
Consolidated Finance Co. Ltd., investment certificates	100,000.00
Accrued interest on investments.....	930.36
Inventory of materials and supplies, valued at the lower of cost or market	23,598.45
Total Current Assets	<u>198,442.60</u>

Properties, Plant and Equipment, at cost:

Lands, leaseholds, rights and development thereon:

Producing	461,977.78
Non-producing	540,091.80
	<u>1,002,069.58</u>

Plant and equipment	\$256,237.96
Less: Accumulated depreciation	<u>185,888.22</u>
	<u>70,349.74</u>
	<u>1,072,419.32</u>

Prepaid Expenses	<u>1,756.68</u>
	<u>\$1,272,618.60</u>

OIL CO. LTD.

ABILITY)

April, 1958

Liabilities

Current Liabilities:

Accounts payable \$ 10,478.66

Total Current Liabilities 10,478.66

Capital Stock:

Authorized:

5,000,000 shares of no par value

Issued and fully paid:

4,037,938 shares of no par value 2,952,763.00

Deficit 1,690,623.06

1,262,139.94

\$1,272,618.60

Approved on behalf of the Board.

(Signed) H. G. BAGNALL, Director.

(Signed) R. W. KELLY, Director

Auditors' Report

The Shareholders,
Souris Valley Oil Co. Ltd.,
(No Personal Liability),
Winnipeg, Manitoba.

We have examined the books and accounts of Souris Valley Oil Co. Ltd. (No Personal Liability) for the year ended 30th April 1958. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

To date the Company has made no estimate of the amount of oil in the ground with respect to producing properties, consequently no provision has been made in the accounts for depletion to 30th April 1958. Subject to the foregoing, we have obtained all the information and explanations we have required and, in our opinion, the accompanying balance sheet and the related statement of profit and loss and deficit are properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs as at 30th April 1958 and the results of its operations for the year then ended, according to the best of our information and the explanations given to us and as shown by the books of the Company. All the transactions of the Company that have come to our notice during the year under review have been within the objects and powers of the Company to the best of our information and belief.

(Signed) RIDDELL, STEAD, GRAHAM & HUTCHISON,
Chartered Accountants

Winnipeg, Manitoba
29th July, 1958

Statement of Profit and Loss and Deficit

SOURIS VALLEY OIL CO. LTD.

(NO PERSONAL LIABILITY)

FOR THE YEAR ENDED 30TH APRIL, 1958

(WITH COMPARATIVE FIGURES FOR THE PRIOR YEAR)

	1958	1957
Sales of production, less royalties	\$ 115,831.53	\$ 128,835.48
Deduct:		
Well operating expenses	41,606.58	37,178.71
General and administrative expenses	29,208.82	30,722.07
Depreciation, plant and equipment	27,911.51	31,888.91
	98,726.91	99,789.69
Net Profit on Operations	17,104.62	29,045.79
Other Income:		
Profit on sale of investments	1,566.00	32,376.50
Profit on sale of leasehold interests	1,149.92	7,778.76
Interest on investments	4,875.53	2,967.03
Sundry	475.00	1,450.00
	8,066.45	44,572.29
	25,171.07	73,618.08
Other deductions:		
Exploration and unproductive development	23,768.85	25,177.82
Lease rentals	32,615.69	25,113.22
Leasehold interests expired	257,877.73	43,198.12
	314,262.27	93,489.16
Net Loss for the Year	289,091.20	19,871.08
Deficit as at 1st May	1,401,531.86	1,381,660.78
Deficit as at 30th April, carried to Balance Sheet	\$1,690,623.06	\$1,401,531.86

